Commodities together with an increase in aggregate demand have contributed to the increase in prices. Containment of inflation remains high on the agenda of the Government. Anti-inflationary policies of the Government include strict fiscal discipline, reduction of duties of essential items, effective supply-demand management of essential commodities through liberal tariff and trade policies and procurement through public agencies. The Monetary policy of Reserve Bank of India, while being conducive to economic growth, has attempted to contain inflationary expectations arising out of uncertainties in domestic and international environment.

Loan waiver scheme

2367. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether loans taken by farmers from private banks and money lenders are covered under the loan waiver scheme;

(b) if not, the reasons therefor;

(c) whether Government has calculated loans taken by farmers from private sources;

(d) if so, whether Government would announce suitable package; and

(e) if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (B) The Debt waiver and debt relief scheme for farmers stipulates that only the direct agricultural loans disbursed by Regional Rural Banks, Cooperative Credit Institutions and Scheduled Commercial Banks (including Private Sector-Commercial Banks) are covered.

(c) Based on the NSSO data, the Committee on Financial Inclusion (Rangarajan Committee) reports that 51.4% of farmer households do not access credit, either from institutional of non-institutional sources. Further, only 27% of the total farm households are indebted to formal sources, of which one-third also borrow from informal sources.

(d) and (e) The Farm Credit package of June, 2004, *inter-alia,* includes relief measures for farmers indebted to non-institutional lenders, including moneylenders, by providing them loans from banks against appropriate collateral or group security. However, due to lack of proper documentation, transparency and authenticity of data coupled with poor accounting methods, so far loans worth Rs. 105 crore only have been disbursed in about 36,000 accounts.

Interest rates in the medium term

2368. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of FINANCE be pleased to state:

(a) What is Government's view regarding interest rates in the medium term and what are the implications of the US Federal rate cut on the Indian rupees; and

(b) what is Government's information about the strategies of Central Banks of other countries in Asia and their response to US Federal cut in interest rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Effective October 18,1994, the Resersve Bank of India (RBI) has deregulated the interest rates on advances above Rs. 2 lakh, including housing loans and